



United States
Department of
Agriculture

Office of the Chief
Information Officer

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TO: Agency Heads

JUN 1 2004

FROM: Scott Charbo
Chief Information Officer

SUBJECT: Supplemental Budget Development Guidance for Information Technology

The Office of Budget and Program Analysis (OBPA) recently released guidance on budget development and budget/performance integration for Fiscal Year (FY) 2006. To ensure Departmental and Administration priorities are addressed in agency FY 2006 budgets, this memorandum provides supplementary guidance on the development of agency information Technology (IT) budget requests.

At USDA, most IT investments are funded from program dollars in an agency budget or through an agency's salaries and expenses account. IT investments may also be funded from working capital funds or user fees. However, because there are few explicit line items for IT, it is difficult to identify and track the source of IT funding in an agency's program budget. In the past, this has led to inconsistent reporting between an agency program budget proposal as provided to OBPA and an agency's IT investment portfolio (OMB Circular A-11 Exhibit 53) as submitted to the Office of the Chief Information Officer (OCIO). Further, many IT funding requests have not been supported by an agency's budget request or have not been aligned with agency priorities. With the Department's increased emphasis on budget/performance integration, our inability to match IT investment requests with program budget proposals is an area in which we need significant improvement.

To address this problem, my office is working with OBPA to create a specific table (exhibit) to capture IT investment information during the Agency/Departmental budget estimate process. This exhibit will be included in guidance issued by OBPA for the preparation of detailed FY 2006 agency budget proposed. To provide accurate information for this table, agency Chief Information Officers will need to work closely with Agency Budget Officers to articulate the funds needed and the program benefits derived from each proposed IT investment.

Security:

As you know, information security is our highest information technology priority this year. Secure IT resources are essential to the delivery of USDA's mission. The Federal Information Security Management Act of 2002 (FISMA) requires that USDA develop a comprehensive security program to include periodic systems risk assessments, security plans and policies, security awareness training, and action plans to address identified weaknesses. To ensure that we identify sufficient budgetary resources to achieve FISMA requirements, each agency must report the total dollars (both base and increase) directed towards FISMA compliance in the program budget request.

eGovernment:

eGovernment (eGov) remains a priority for the Department. We are increasingly embracing collaborative solutions to meet business needs. In addition to agency and Departmental eGov initiatives, we will continue to participate in many Government-wide eGov initiatives. OCIO together with OBPA will provide cost estimates and the allocation of those costs across agencies. However, agencies must provide information about the resources necessary to effectively participate in these initiatives. Agencies that expect to incur implementation costs for federal or enterprise-wide initiatives must include those costs in their budget estimates and IT portfolio.

IT Investment Portfolio Review:

OCIO will review agency IT portfolios and budget requests for FY 2006 with several goals in mind. We will look for assurances that security and eGov have been sufficiently funded. Individual major investments (these require an Exhibit 300) will be reviewed for soundness using the criteria established by the Office of Management and Budget in Circular A-11 part 300. Investments that fail to meet the established criteria will not be forwarded to OMB nor will funding for them be included in the Department's budget submission. In addition OCIO will manage the portfolio according to the following principles:

- Ensure all IT personnel salary and benefits costs are fully funded;
- Consolidate duplicative IT initiatives under a single business owner;
- Acquire infrastructure equipment through enterprise agreements;
- Reduce the level of growth in steady-state IT investments;
- Moderate the level of growth in IT development initiatives;
- Ensure existing IT investments are meeting cost and schedule goals; and
- Ensure cyber security and FISMA requirements are addressed.

In addition to the above departmental guidance, I am attaching agency-specific guidance to this memorandum (Attachment A). Please review and follow this guidance as applicable to your agency.

If you have questions about any issues covered by this guidance, please call me or have your staff contact Marilyn Holland, Acting Associate Chief Information Officer for IT Management, at 202-720-5865.

Attachment

cc: Agency CIOs

Attachment A - Agency Specific Supplemental Budget Development Guidance for Information Technology

Service Center Modernization Initiative/Common Computing Environment Strategy:

The converged Service Center Agency IT organizations could have any number of goals, programs, organizational structures and funding sources. It is anticipated that the convergence of functions and transfer of staff will be completed by FY 2006. A strategic understanding of the purpose and options for funding the converged organization is critical to ensuring adequate resources. The SCM Executive Project Manager will lead the discussion on funding options so agreement will be reached before the FY 2006 budget is finalized. (FSA, NRCS, RD)

Geographic Information Systems (GIS): OCIO will review agency IT portfolios and budget requests for the acquisition and use of geographic information system (GIS) tools. USDA must continue to consolidate acquisition of these tools via the GSA-led SmartBuy program. Additionally, the Service Center Agencies (SCA) use GIS tools extensively to manage, deliver, and track programs. To enable a full understanding of the costs and benefits of the modernization efforts, the SCA and SCM need to provide estimates that reflect all costs, funding sources, and performance targets for GIS.

Risk Management Agency: There has been a huge increase in Risk Management Agency (RMA) workload and major changes in the way producers protect their operations from losses. The advent of the Agricultural Risk Protection Act of 2000 (ARPA) authorizing development of insurance products to protect livestock will also increase workload. All these changes and additional work have put a tremendous strain on RMA's aging infrastructure. RMA should address the costs of replacing this aging infrastructure and performance targets for the new ARPA products. (RMA)

Animal ID: A national animal identification (Animal ID) program could improve the Department's ability to respond to animal health issues. Adoption of a national, technology-neutral solution will continue through FY 2006. Funds will be sought by APHIS to support cooperative agreements that would foster national implementation, as well as funds to provide oversight of the system. OCIO will continue to provide assistance in coordinating and assessing the technological aspects of the phased implementation. Animal ID is a major investment. Therefore, APHIS must prepare an OMB Exhibit 300 that summarizes the business case and performance goals of the investment. (APHIS)

Web-based Supply Chain Management System: Transition to the Web-based Supply Chain Management System (WBSCM) from PCIMS will also be closely reviewed during the FY 2006 budget process. PCIMS has become obsolete and must be retired/replaced in order to increase operational efficiency and meet increased customer service demands. WBSCM will support an efficient flow of food products throughout the supply chain. WBSCM will retain aspects of the current system, incorporate improvements from previous business reengineering studies, and add new capabilities. Funding and performance goals to complete the initial WBSCM development should be addressed during the FY 2006 process. PCIMS development should be phased out and cease during FY 2006. (AMS, FNS, FSA)